

Office of Personnel Management

FPM Letter 591-35

Federal Personnel Manual System**FPM Letter** 591-35Published in advance
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Ch. 591

RETAIN UNTIL SUPERSEDED**SUBJECT:**Nonforeign Area Cost of Living Allowances for
Puerto Rico and the Virgin Islands

Supersedes FPM Letters 591-30 and 591-32

Heads of Departments and Independent Establishments

Washington, D. C. 20415

November 5, 1979

Introduction

The Office of Personnel Management has completed its review of the cost of living allowance rates paid to eligible employees in Puerto Rico and the Virgin Islands. These allowances are paid under 5 U.S.C. 5941, Executive Order 10,000, as amended, and part 591 of the Offices' regulations.

Effective Date of Allowance Rates

The effective date of the new allowance rates shown in the attachment is the first pay period that begins on or after December 2, 1979.

Change in Definition for Puerto Rican Allowance Areas

Based on comments received in response to a Federal Register notice soliciting views on the administration of the cost of living allowance program, the Office has combined the survey data for the various survey locations in Puerto Rico into one set of indexes. Accordingly, there will be only one allowance area for the entire Commonwealth of Puerto Rico rather than a San Juan and outside San Juan area as in previous years. The Office will continue to survey locations outside the San Juan Standard Metropolitan Statistical Area in future surveys but will compute and publish only one set of indexes and allowance rates. This change in administration of the program will simplify agency payroll operations and eliminate employee morale problems caused by two allowance areas.

General Information

Agencies are requested to inform employees in the areas concerned of the actions approved by the Office. When doing so you are urged to advise employees that the allowance rates are subject to change, up or down, after each review. It is also important that they understand that the law does not provide for an allowance to compensate for increases in the cost of living, as such. Rather, the law provides for an allowance to compensate for the differences in living costs between Washington, D.C., and the so-called nonforeign areas, when living costs are substantially higher than comparable costs in Washington, D.C.

The 1979 survey data indicated that living costs in the Washington area had increased some 15 percent since the 1978 survey while registering increases of approximately 11 percent in Puerto Rico, 13 percent on St. Thomas and an increase of approximately the same magnitude as Washington for St. Croix.

Inquiries: Allowances and Special Rates SEction, Compensation Planning and Pay Programs,
ext. 28742 or 63-28742

Code: 591, Allowances and Differentials Payable in Nonforeign Areas

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Cost of living allowances authorized for nonforeign areas are payable in accordance with part 591 of the Offices' regulations.

A handwritten signature in dark ink, appearing to read "Gary R. Nelson", is written over a faint, circular official stamp.

Gary R. Nelson
Associate Director
for Compensation

Attachment

This attachment shows cost of living allowance rates for each category for which an allowance has been authorized by OPM and shows definitions of allowance categories for use in determining employee eligibility for an allowance.

<u>GEOGRAPHIC COVERAGE/ ALLOWANCE CATEGORY</u>	<u>INDEX</u>	<u>ALLOWANCE RATE</u>
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COMMONWEALTH OF PUERTO RICO

(Both San Juan and Outside San Juan)

<u>Allowance Category</u>	<u>1979 Index</u>	<u>Authorized Allowance Rate</u>
Local Retail/ Private Housing	105.2	5.0%
Local Retail/ Federal Housing	101.6	-0-
Commissary/PX/ Private Housing	95.7	-0-
Commissary/PX/ Federal Housing	92.1	-0-

VIRGIN ISLANDS

ST. CROIX

<u>Allowance Category</u>	<u>1979 Index</u>	<u>Authorized Allowance Rate</u>
Local Retail/ Private Housing	105.0	5.0%
Local Retail/ Federal Housing	95.4	-0-
Commissary/PX/ Private Housing	None*	---
Commissary/PX/ Federal Housing	None*	---

ST. THOMAS

<u>Allowance Category</u>	<u>1979 Index</u>	<u>Authorized Allowance Rate</u>
Local Retail/ Private Housing	106.3	7.5%
Local Retail/ Federal Housing	94.7	-0-
Commissary/PX/ Private Housing	None*	---
Commissary/PX/ Federal Housing	None*	---

*The word "None" means that the allowance category does not exist in that allowance area and the appropriate local retail index and allowance rate applies depending on the type of housing occupied.

Definition of Commissary/PX/ Allowance Areas for Puerto Rico

The Commissary/PX rates will apply to those employees who fall into one of the categories based on the definitions on page 3 of this attachment and whose duty stations are located within a 50 mile radius by road from either Fort Buchanan or Roosevelt Roads. All employees whose duty stations are outside the 50 mile radius by road from the nearest of these installations will receive cost of living allowances based on the appropriate Local Retail rate.

Definitions of Allowance Categories

The following definitions of the various allowance categories identified in the tables in this attachment shall be used in determining employee eligibility for the appropriate allowance rate:

<u>Allowance Category</u>	<u>Definition</u>
Local Retail/ Private Housing	This category includes those Federal employees who purchase goods and services from private retail establishments and who occupy housing units that are privately owned or rented. It also includes those employees who do not fall into one of the other allowance categories.
Local Retail/ Federal Housing	This category includes those Federal employees who purchase goods and services from private retail establishments and who occupy, as a condition of their Federal civilian employment, housing units that are owned or leased by a Federal agency.
Commissary/PX/ Private Housing	This category includes those Federal employees who have unlimited access to and who use military commissary and exchange facilities stemming from their Federal civilian employment and who occupy housing units that are privately owned or leased.
Commissary/PX/ Federal Housing	This category includes those Federal employees who have unlimited access to and who use military commissary and exchange facilities stemming from their Federal civilian employment and who occupy, as a condition of their Federal civilian employment, housing units that are owned or leased by a Federal agency.

Note: Eligibility for access to military commissary and exchange facilities is determined by the appropriate military department. If an employee is furnished commissary/exchange privileges for reasons associated with his or her Federal civilian employment, he or she will have an identification card that authorizes access to the facilities. Possession of such an identification card i.e., one issued by reason of his or her Federal civilian employment, is sufficient evidence that the employee uses the facilities. Similarly, the fact that an employee who has been authorized to occupy a Federally owned or leased housing unit as a condition of his or her Federal civilian employment actually occupies the unit is evidence that the unit is "used".

Agencies should adopt whatever methods are appropriate to obtain from employees the information needed to determine the applicable allowance category.

UNIVERSITY OF FLORIDA



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